

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2007 First Round Cycle**  
**June 6, 2007**

**Project Number** CA-2007-033

**Project Name** Roosevelt Family Apartments

Site Address: 750 Grande Street  
Nipomo, CA 93444 County: San Luis Obispo Census Tract: 124.02

**Applicant Information**

Applicant: 750 Grande Associates, a California Limited Partnership  
Contact: Christina Alley  
Address: 3351 M Street, Suite 200  
Merced, CA 95348

Phone: (209) 388-0782 Fax: (209) 385-3770

email: chris@centralvalleycoalition.com

General Partners(s)Type: Joint Venture

**Information**

Set-Aside: NA  
Housing Type: Large Family  
Geographic Area: Coastal California – San Luis Obispo

**Eligible Basis**

Requested: \$10,991,052  
Actual: \$10,991,052  
Maximum Permitted: \$13,439,228

**Adjustments to Threshold Basis Limit:**

Local Impact Fees   
3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features   
Region Where Development Costs Frequently Exceed Published Limit

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,162,216	\$0
Recommended:	\$1,162,216	\$0

**Project Information**

Construction Type: New Construction  
Federal Subsidy: N/A  
Total # of Units: 52  
Total # Residential Buildings: 5

**Income/Rent Targeting**

Federal Set-Aside Elected: 40%/60%  
% & No. of Tax Credit Units: 100% - 51 units  
Breakdown by %: 10% @ 30%, 10% @ 40%, 50% @ 50%

<b>Selection Criteria</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency/Credit Reduction/Public Funds</b> Maximum of 20 points	<b>20</b>	<b>20</b>	<b>20</b>
<input checked="" type="checkbox"/> Cost Efficiency	18	18	18
<input checked="" type="checkbox"/> Credit Reduction	20	2	2
<b>Owner / Management Characteristics</b> Maximum of 9 points	<b>9</b>	<b>9</b>	<b>9</b>
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
<b>Negative Points</b>			
<b>Housing Needs</b> Maximum of 10 points	<b>10</b>	10	<b>10</b>
<b>Site Amenities</b> Maximum of 15 points	<b>15</b>	15	<b>15</b>
<input checked="" type="checkbox"/> Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
<input checked="" type="checkbox"/> Within ½ mile of public park or community center open to general public	2	2	2
<input checked="" type="checkbox"/> Within ½ mile of public library	2	2	2
<input checked="" type="checkbox"/> Within ½ mile of a full-scale grocery store with staples, fresh meat and fresh produce	3	3	3
<input checked="" type="checkbox"/> Large Family project within ½ mile of public school that project children may attend	2	2	2
<input checked="" type="checkbox"/> Within 1 mile of medical clinic or hospital	2	2	2
<input checked="" type="checkbox"/> Within ½ mile of a pharmacy	1	1	1
<b>Service Amenities</b> Maximum of 10 points	<b>10</b>	10	<b>10</b>
<input checked="" type="checkbox"/> High speed internet service provided in each unit	5	5	5
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	5	5	5
<b>Neighborhood Revitalization</b> Maximum of 9 points	<b>9</b>	0	<b>0</b>
<b>Sustainable Building Methods</b> Maximum of 8 points	<b>8</b>	8	<b>8</b>
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> Formaldehyde free cabinets, countertops and shelving	1	1	1
<input checked="" type="checkbox"/> CRI Green-label, low-VOC carpet and pad	1	1	1
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<input checked="" type="checkbox"/> Recycled materials incorporated into: concrete, carpet, road base or landscape	1	1	1
<input checked="" type="checkbox"/> Project design incorporates Universal Design	1	1	1
<input checked="" type="checkbox"/> Project has nonsmoking buildings or contiguous sections within a building	1	1	1
<b>Lowest Income</b> Maximum of 52 points	<b>52</b>	52	<b>52</b>
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b> Maximum of 20 points	<b>20</b>	20	<b>20</b>
<b>State credit substitution</b> Maximum of 2 points	<b>2</b>	2	<b>2</b>
<b>Total Points</b>	<b>155</b>	146	<b>146</b>

**Tie-Breaker Information**

Tie-Breaker Categories Apply to this Project: **No**  
 First: Housing Type **Large Family**  
 Second: Maximum Neighborhood Revitalization Points/Federal Designated Area **No**  
 Third: Calculated Ratio per Regulation 10325(c)(12) **105.408%**

<b>Unit Type &amp; Number</b>	<b>2006 Rents for 1<sup>st</sup> Round 2007 % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
3 Three-bedroom	30%	\$498
3 Three-bedroom	40%	\$663
12 Three-bedroom	50%	\$829
5 Three-bedroom	60%	\$995
3 Four-bedroom	30%	\$555
3 Four-bedroom	40%	\$740
14 Four-bedroom	50%	\$925
8 Four-bedroom	60%	\$1,110
1 Three-bedroom	Manager's Unit	\$0

The general partner(s) or principal owner(s) are National Affordable Communities, Inc. and Central Valley Coalition for Affordable Housing.

The project developer is National Affordable Communities.

The management agent is Buckingham Property Management.

The market analyst is Prior & Associates.

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

### Project Financing

Estimated Total Project Cost: \$14,832,117 Per Unit Cost: \$285,233 Construction Cost Per Sq. Foot: \$122

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
SunAmerica	\$7,911,591	SunAmerica	\$3,077,463
Deferred Developer Fee	\$1,400,000	Deferred Developer Fee	\$713,602
Investor Equity	\$5,520,526	Investor Equity	\$11,041,052
		<b>TOTAL</b>	<b>\$14,832,117</b>

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,991,052
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis Credit Reduction (2%)	\$285,768
Qualified Basis:	\$14,002,600
Applicable Rate:	8.30%
Total Maximum Annual Federal Credit:	\$1,162,216
Total State Credit:	\$0
Approved Developer Fee:	\$1,400,000
Tax Credit Factor:	\$0.95000

Applicant requests and staff recommends annual federal credits of \$1,162,216 and total state credits of \$0 based on a qualified basis of \$14,002,600 and a funding shortfall of \$11,041,052.

### Cost Analysis and Line Item Review

The requested eligible basis \$10,991,052 is below TCAC's threshold basis limit \$13,439,228. The basis limit was increased by the following extraordinary features: local development impact fees and the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one.

Staff has calculated federal tax credits based on 8.30% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:** None

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Recommendation:** Staff recommends that the Committee make a preliminary reservation of tax credits, in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
\$1,162,216	\$0

**Standard Conditions**

An application for a carryover allocation must be submitted by October 31, 2007, as required by regulation section 10328(d), together with the applicable allocation fee and all required documentation. The time for meeting the "10%" test and submitting related documentation will be no later than six (6) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(E)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. The performance deposit must be paid by cashier's check within 20 calendar days of any preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants.

Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(8) at project completion.

Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2)(P) at project completion.

**Additional Conditions:**

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is November 2, 2007, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

**Project Analyst:** Elaine Johnson